



STATE OF NORTH CAROLINA  
Office of the State Auditor

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June 21, 2006

Mr. Roger Gore, Chairman  
Club Fifteen  
111 Jarvis Street  
Tabor City, North Carolina 28463

Re: Review of State Grant Expenditures

Dear Mr. Gore:

In the early part of June, we performed a review of the state grant for \$10,000 received by Club Fifteen. This review was conducted as part of a follow-up of special appropriations. These funds were intended for the repair of the Club Fifteen community building in Tabor City.

We assessed the agency's internal controls and reviewed a sample of expenditures using the grant funds to assure compliance with the terms of the grant. In total, we examined a series of expenditures made by Club Fifteen totaling \$10,696. It appears, tempered by the constraints mentioned in the next paragraph, that the money was spent in compliance with the terms of the grant for repairs of the building.

However, Club Fifteen should immediately suspend the practice of writing checks to "cash" to pay for expenditures. To provide better accountability in the future, you should use checks made out to each vendor, instead of cash, for all your payments of expenditures. Each check should have receipts that clearly show what the expenditure was for and indicate how the expenditure was used (i.e., paint for the downstairs restroom). This practice should include all income and expenditures, including income from social events and expenditures for utilities. Checks written by the nonprofit should continue to have the signatures of two of the entity's officials.

We appreciate your cooperative attitude during this review. If you have questions, or wish to discuss this review further, please contact John Price, Audit Supervisor, 919-807-7605. We wish you the best in the future as Club 15 continues to aid the youth and families of your area.

Respectfully submitted,

A handwritten signature in black ink that reads "Leslie W. Merritt, Jr." in a cursive script.

Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

LWM/gp